

WHITE LAKE TOWNSHIP  
PUBLIC LIBRARY

FINANCIAL REPORT  
December 31, 2007

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## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name WHITE LAKE TOWNSHIP LIBRARY	County OAKLAND
Fiscal Year End DECEMBER 31, 2007	Opinion Date APRIL 23, 2008	Date Audit Report Submitted to State JUNE 30, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

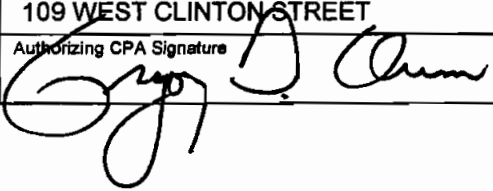
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BREDERNITZ, WAGNER & CO., P.C.		Telephone Number 517-546-2130	
Street Address 109 WEST CLINTON STREET		City HOWELL	State Zip MI 48843
Authorizing CPA Signature 		Printed Name GREGORY D. CLUM	License Number 1101014127

**BREDERNITZ, WAGNER & CO., P.C.**

*Certified Public Accountants*

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PRINCIPALS

RAYMOND H. COOPER, JR., CPA, CFP  
GREGORY D. CLUM, CPA, CGFM

MEMBERS

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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

DAVID L. BREDERNITZ, CPA  
HERBERT F. WAGNER, JR., CPA

INDEPENDENT AUDITORS' REPORT

To the White Lake Township  
Public Library Board  
White Lake, Michigan

We have audited the accompanying financial statements of the White Lake Township Public Library as of and for the year ended December 31, 2007, which collectively, comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the White Lake Township Public Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the White Lake Township Public Library as of December 31, 2007, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the White Lake Township Public Library's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and other supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Bredy, Wagner & Co., P.C.*

Howell, Michigan  
April 23, 2008

WHITE LAKE TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year Ended December 31, 2007 and  
December 31, 2006  
(Unaudited)

Using this Annual Report

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library.

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These *Fund Financial Statements* focus on the current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.
- The *Government-Wide Financial Statement* columns provide both *long-term* and *short-term* information about the Library's overall financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remain for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

WHITE LAKE TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the year Ended December 31, 2007 and  
December 31, 2006  
(Unaudited)

Condensed Financial Information

The table below shows key financial information in a condensed format:

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Current assets	\$ 656,786	562,176
Capital assets	459,279	467,913
Total assets	<u>1,116,065</u>	<u>1,030,089</u>
Current liabilities	<u>464,360</u>	<u>460,788</u>
Total liabilities	<u>464,360</u>	<u>460,788</u>
Net assets:		
Invested in capital assets, net of debt	459,279	467,913
Unrestricted	192,426	101,388
Total net assets	<u>\$ 651,705</u>	<u>569,301</u>
Revenue:		
Property taxes	\$ 793,187	731,008
Other	<u>112,680</u>	<u>108,838</u>
Total revenue	<u>905,867</u>	<u>839,846</u>
Expenses - Library services	<u>823,463</u>	<u>842,545</u>
Change in net assets	<u>\$ 82,404</u>	<u>(2,699)</u>

WHITE LAKE TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the year Ended December 31, 2007 and  
December 31, 2006  
(Unaudited)

The Library as a Whole

- The Library reports net assets of \$651,705 and \$569,301 on a full accrual basis, as compared to \$192,426 and \$101,388 on the modified accrual basis of accounting, for the years ended December 31, 2007 and 2006, respectively
- The Library's primary source of revenue is from property taxes. Total tax collections were \$793,187 and \$731,008 representing 87.6% and 87.0% of total revenue for the years ended December 31, 2007 and 2006, respectively.
- Employee salaries and benefits are the largest overall expenditures of the Library. These expenditures were \$520,376 and \$422,296, representing 63.2% and 50.1% of the Library's, total expenditures for the years ended December 31, 2007 and 2006, respectively.
- Depreciation expense of \$110,393 and \$116,415 representing 13.4% and 13.8% percent of the Library's total expenses, for the years ended December 31, 2007 and 2006, respectively.
- Total expenditures under the modified accrual method of accounting were \$814,829 and \$819,310 for the years ended December 31, 2007 and 2006, respectively.
- The Library's conversion to meet GASB 34 standards, which includes capitalization of Library-owned assets and associated depreciation expense, is reflected in the statement of activities on page 9 of this financial report.

The Library's Fund

Our analysis of the Library's General fund is included on pages 7 and 8 in the first column of the respective statements. The fund column provides detailed information about the General fund on a modified accrual basis of accounting, which is a short term perspective measuring the flow of financial resources, - not the Library's operations on a full accrual basis of accounting, which provides a longer term measurement of total economic resources. The Library's only fund is the General Fund.

The fund balance of the General Fund increased \$91,038 at December 31, 2007 as compared to a decrease of \$20,536 during the year ended December 31, 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For the year Ended December 31, 2007 and  
December 31, 2006  
(Unaudited)

Capital Assets & Debt Administration

At the end of the fiscal year, the Library had approximately \$459,279 invested in building improvements, furniture and equipment, and books and materials. The Library added \$91,089 in new collection items consisting of new books, various audio/visual materials, and enhancement of the periodical collection. In addition, \$10,670 was expended to add other equipment and furniture bringing the total 2007 capital expenditures for library materials to \$101,759.

The Library does not have any debt outstanding at the close of the fiscal year. In a prior year, the White Lake Township Building Authority issued bonds to pay for the Library expansion. The Library made rent payments to the township to pay down the bond indebtedness. The bonds were paid off in 2006. The Library has perpetual use of the Library building.

Next Year's Budget and Rates

While the levy rate continues to be diminished by Headlee Amendment restrictions, commercial growth of the M-59 corridor has contributed to an increase in the total property tax collected. Due to the state of the economy the White Lake Township Trustees have postponed further work on the Corridor Improvement Plan (CIA) which could have resulted in a capture of Library funds.

The 2008 Budget includes expenses for maintenance, repairs and improvements for an aging Library Building. It includes funds for the completion of the 2007-2008 renovation of employee workspace to accommodate the staff. The workspace improvements were made to increase staff productivity, increase staff morale and provide better customer service.

The Budget also includes funds allocated for technology improvements at the Library. The most costly project includes a Radio Frequency Identification (RFID) security system to help prevent theft of materials and eventually allow for patron self checkout of materials.

Another special project includes funds to hire a consultant that will help the Library develop a five year Strategic Plan for providing the type of Library service that is preferred by the White Lake Township Community. Strategies to address the continuing need for an expansion of the current facility or an erection of a new Library should be included in the plan.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, patrons and donors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Assistant Director, Denise Stefanick, at (248) 698-4942.



WHITE LAKE TOWNSHIP PUBLIC LIBRARY  
GOVERNMENTAL FUND BALANCE SHEET /  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

	General Fund, Modified Accrual Basis	Adjustments (Note 9)	Statement of Net Assets
<b>Assets</b>			
Cash and investments (Note 3)	\$ 641,943	-	641,943
Receivables:			
Taxes	1,026	-	1,026
Prepaid expenses	13,817	-	13,817
Property and equipment (Note 4)	<u>-</u>	<u>459,279</u>	<u>459,279</u>
Total Assets	<u>\$ 656,786</u>	<u>459,279</u>	<u>1,116,065</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 74,331	-	74,331
Deferred revenue	<u>390,029</u>	<u>-</u>	<u>390,029</u>
Total Liabilities	<u>464,360</u>	<u>-</u>	<u>464,360</u>
<b>Fund Balance/Net Assets</b>			
Fund balances - Unreserved:			
Undesignated	<u>192,426</u>	<u>(192,426)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 656,786</u>		
<b>Net assets:</b>			
Invested in capital assets, net of debt		459,279	459,279
Unrestricted		<u>192,426</u>	<u>192,426</u>
Total net assets		<u>\$ 651,705</u>	<u>651,705</u>

The notes to financial statements are an integral part of this statement.

WHITE LAKE TOWNSHIP PUBLIC LIBRARY  
STATEMENT OF GOVERNMENTAL REVENUE,  
EXPENDITURES, AND CHANGES IN  
FUND BALANCE / STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2007

	General Fund, Modified Accrual Basis	Adjustments (Note 9)	Statement of Activities
Revenue			
Property taxes	\$ 793,187	-	793,187
Intergovernmental revenue	64,828	-	64,828
Investment income	19,261	-	19,261
Other revenues	28,591	-	28,591
Total Revenues	905,867	-	905,867
Expenditures			
Salaries	428,043	-	428,043
Benefits	92,333	-	92,333
Advertising and promotion	12,237	-	12,237
Dues and subscriptions	705	-	705
Insurance	29,010	-	29,010
Maintenance	24,079	-	24,079
Maintenance, collections	7,182	(2,985)	4,197
Miscellaneous	441	-	441
Professional services	19,247	-	19,247
Programming	6,449	-	6,449
Services, The Library Network	31,795	-	31,795
Supplies	10,045	-	10,045
Telephone	5,346	-	5,346
Training and conferences	2,236	-	2,236
Travel	1,244	-	1,244
Utilities	18,346	-	18,346
Collection	91,089	(91,089)	-
Capital outlay	35,002	(7,685)	27,317
Depreciation	-	110,393	110,393
Total Expenditures	814,829	8,634	823,463
Excess of Revenues Over (Under) Expenditures/Change in Net Assets	91,038	(8,634)	82,404
Fund Balance/Net Assets - Beginning of year	101,388	467,913	569,301
Fund Balance/Net Assets - End of year	\$ 192,426	459,279	651,705

The notes to financial statements are an integral part of this statement.

WHITE LAKE TOWNSHIP  
PUBLIC LIBRARY

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NOTES TO FINANCIAL STATEMENTS

Note 1. REPORTING ENTITY AND BASIS OF PRESENTATION

Definition of the reporting entity:

The White Lake Township Public Library was established for the purpose of providing all residents of White Lake Township with access to materials and services for information, education, culture, and recreation. The Library is governed by a six member board of trustees elected at large from White Lake Township.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the local unit. There are no component units of the Library. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of presentation:

The financial statements present the fund financial statement on a modified accrual basis with an adjustment to present the statement of net assets and the statement of activities on a full accrual basis.

Fund Financial Statements:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Library, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds which are maintained in accordance with the activities or objectives specified.

The financial activities of the Library are recorded on one fund as follows:

Governmental Fund:

General Fund: This fund accounts for all financial resources except those provided for in another fund. Revenues are derived primarily from property taxes and penal fines. This fund includes the general operating expenses of the Library.

## Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounting policies of the White Lake Township Public Library conform to accounting principles generally accepted in the United State of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

Measurement focus/basis of accounting:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting policies of the White Lake Township Public Library conform to generally accepted accounting principles as applicable to governmental units.

Governmental Fund

The Governmental Fund Type (General Fund) uses a financial resources measurement focus and is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due, and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

Cash and Cash Equivalents:

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired.

Compensated absences (vacation and sick leave):

Vacation time that is unused at the employee's employment anniversary date does not carry over to the following year. Sick time does carry over to the following year at a limited amount. The amount of sick time at December 31 is immaterial and, therefore, not recorded. The Library has no liability for employee compensated absences.

Current property taxes:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1. These taxes are due

## Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue at December 31.

The 2006 State taxable valuation of the Library totaled \$1,183,944,350 on which ad valorem taxes levied consisted of .6642 mills raising approximately \$786,000 for operating purposes.

Capital Assets:

Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building improvements	10-20 years
Furniture and equipment	5-10 years
Library books and materials	8 years

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgets and budgetary accounting:

The annual budget is adopted by the Library Board prior to the beginning of the budgetary year. Subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year end. The Library does not use the encumbrance method of accounting for budgetary purposes. During the current year, the budget was amended in a legally permissible manner.

Formal budgetary integration is employed as a management control device. The budget has been prepared on a modified accrual

## NOTES TO FINANCIAL STATEMENTS (Continued)

## Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

basis, which is in conformity with generally accepted accounting principles.

## Note 3. CASH AND CASH INVESTMENTS

At December 31, 2007 the deposits and investments of the Library are classified by Governmental Accounting and Standards Board Statement No. 40 in the following categories:

Bank deposits	\$641,793
Petty cash	<u>150</u>
Total	<u>\$641,943</u>

DEPOSITS

Deposits are carried at cost. The Library considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The total deposits were reflected in the accounts of the bank (without recognition of checks written, but not yet cleared, or deposits in transit) at \$651,579. Of that amount, \$300,000 was covered by federal depository insurance and \$351,579 was uninsured and uncollateralized.

INVESTMENTS

The library is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, banker's acceptances, mutual funds and bank investment pools that are composed of authorized investment vehicles. At December 31, 2007, the Library did not have any investments.

## Note 4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Building Improvements	\$178,053	-	-	178,053
Computers	40,240	7,685	-	47,925
Furniture, and equipment	167,010	2,985	-	169,995
Books and recordings	<u>671,285</u>	<u>91,089</u>	<u>(143,459)</u>	<u>618,915</u>
Total	1,056,588	101,759	(143,459)	1,014,888
Accumulated Depreciation	( <u>588,675</u> )	( <u>110,393</u> )	<u>143,459</u>	( <u>555,609</u> )
Net Book Value	<u>\$467,913</u>	<u>(8,634)</u>	<u>-</u>	<u>459,279</u>

## Note 5. RETIREMENT PLANS

The Library adopted a pension benefit program during 1999. The plan provides pension benefits to substantially all of its full-time employees through a defined contribution plan. The plan is administered by John Hancock Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Library Board, the Library contributes 10 percent of employees' gross earnings. The Library contributions for employees are fully vested after twenty two months.

The Library's total payroll during the current year was \$322,295. The current year contribution was calculated based on covered payroll of \$279,512. The resulting employer contribution during the current year was \$27,951.

## Note 6. RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for health and dental claims. The Library participates in the Michigan Municipal Risk Management Authority state pool for claims relating to property loss, torts, errors and omissions and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

## NOTES TO FINANCIAL STATEMENTS (Continued)

## Note 7. RISK MANAGEMENT

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local unit government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority state pool operates as a common risk-sharing management program; state pool member premiums are aggregated and used to purchase excess insurance coverage, some of which is underwritten by the Authority.

## Note 8. BUILDING

During the year ended December 31, 2000, the Library entered into a sublease agreement with the Charter Township of White Lake. Under the agreement, substantial improvements were made to the Library building and were financed with bonds issued by the White Lake Building Authority. The agreement called for annual rental payments to be made by the Library which would be sufficient in amount for the Township to make annual debt service payments on the debt obligation.

Terms for the rental agreement indicated that the contract shall terminate on the payment in full of all principal and interest on all bonds issued for the project. The Township would retain ownership of the building occupied by the Library during and at the conclusion of the rental agreement. The Library has the right to stay in the building in perpetuity. The final rental payment was paid in 2006.

## Note 9. RECONCILIATION of FUND FINANCIAL STATEMENTS to GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's governmental fund differs from the net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in assets.



## NOTES TO FINANCIAL STATEMENTS (Concluded)

Note 9. RECONCILIATION of FUND FINANCIAL STATEMENTS to GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (Concluded)

Total Fund Balance - Modified Accrual Basis	\$ 192,426
Amounts reported in the statement of net assets are different because:	

Capital assets are not financial resources, and are not reported in the funds	<u>459,279</u>
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Net Assets of General Fund - Full Accrual Basis	\$ <u>651,705</u>
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Net Change in Fund Balances - Modified Accrual Basis	\$ 91,038
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Amounts reported in the statement of activities  
are different because:

Capital outlays are reported as expenditures in  
statement of revenue, expenditures, and changes  
in fund balance, in the statement of activities,  
these costs are allocated over their estimated  
useful lives as depreciation:

Library books and materials	91,089
Furniture and equipment	10,670
Depreciation	<u>(110,393)</u>

Change in Net Assets of General Fund - Full Accrual Basis	\$ <u>82,404</u>
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WHITE LAKE TOWNSHIP PUBLIC LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Property taxes	\$ 780,000	780,000	793,187	13,187
State aid	21,280	21,280	22,306	1,026
Penal fines	40,150	40,150	42,522	2,372
Charges for services	3,500	3,500	4,501	1,001
Investment income	8,000	8,650	19,261	10,611
Contributions	7,500	7,000	7,027	27
Fines and forfeitures	12,000	12,000	14,843	2,843
Other miscellaneous	1,350	1,200	2,220	1,020
Total Revenues	<u>873,780</u>	<u>873,780</u>	<u>905,867</u>	<u>32,087</u>
Expenditures				
Salaries	447,294	447,294	428,043	19,251
Benefits	84,756	92,356	92,333	23
Advertising and promotion	15,000	15,000	12,237	2,763
Dues and subscriptions	1,100	1,100	705	395
Insurance	32,350	32,550	29,010	3,540
Maintenance	17,500	24,100	24,079	21
Maintenance, collections	8,000	8,000	7,182	818
Miscellaneous	600	600	441	159
Professional services	15,000	19,250	19,247	3
Programming	6,500	6,690	6,449	241
Services, The Library Network	33,600	33,600	31,795	1,805
Supplies	7,000	10,100	10,045	55
Telephone	6,000	6,000	5,346	654
Training and conferences	4,500	4,500	2,236	2,264
Travel	1,200	1,250	1,244	6
Utilities	16,750	18,370	18,346	24
Collection	91,500	92,750	91,089	1,661
Capital outlay	85,130	60,270	35,002	25,268
Total Expenditures	<u>873,780</u>	<u>873,780</u>	<u>814,829</u>	<u>58,951</u>
Excess of Revenues Over Expenditures	-	-	91,038	91,038
Fund Balance - Beginning of year	<u>101,388</u>	<u>101,388</u>	<u>101,388</u>	-
Fund Balance - End of year	<u>\$ 101,388</u>	<u>101,388</u>	<u>192,426</u>	<u>91,038</u>

**BREDERNITZ, WAGNER & CO., P.C.**

*Certified Public Accountants*

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**CONSULTANTS**

DAVID L. BREDERNITZ, CPA

To the Board of Directors  
of the White Lake Township Public Library  
White Lake, Michigan

In planning and performing our audit of the financial statements of the White Lake Township Public Library as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the White Lake Township Public Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

To the Board of Directors  
of the White Lake Township Public Library  
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Current year significant deficiencies:

1. During the course of the audit, we made an audit adjustment that was significant to fixed assets of the Library for GASB 34 purposes.

Due to new auditing standards, specifically SAS 112, auditors cannot be considered part of internal control for the Library being audited. This means that the Library's books should be adjusted and ready to be audited prior to the audit commencing. Failure in this regard, when adjustments are made during the audit, results in a control deficiency. We recommend that the Library purchase software that is capable of tracking the assets of the Library for GASB 34 purposes. We also recommend that in the future, personnel from the Library review the financial statements to ensure all adjustments have been completed prior to the audit. This will allow the Library time to adjust the books to properly reflect the financial position of the Library.

We appreciate the assistance provided to us during the audit by the staff of the White Lake Township Public Library. This report is intended solely for the information and use of the audit committee, board of directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Breckinridge, Wagner & Co, P.C.*

Howell, Michigan  
April 23, 2008